

SENATE JOINT RESOLUTION 178  
By Tracy

A RESOLUTION to create a special joint committee to examine the establishment of annual reports by the Tennessee Consolidated Retirement System to determine if public retirement plan funds are invested in companies with business operations in terrorist-sponsoring countries.

WHEREAS, the Securities and Exchange Commission in May 2001 and November 2003 determined that business operations in terrorist-sponsoring countries can represent a material risk to investors; and

WHEREAS, there is a proven risk to the share value and corporate reputation of companies doing business in terrorist-sponsoring countries; and

WHEREAS, Tennessee needs to protect the retirement funds of public employees from the financial risk associated with portfolio companies that have business operations in terrorist-sponsoring countries; and

WHEREAS, there exists today no risk management program in this state to address the growing challenge posed by the exposure of our public pension portfolios to global security risk; and

WHEREAS, our public pension fund asset managers are entrusted with the retirement funds of thousands of our public employees and, to date, have not, identified and assessed companies that may be exposed to global security risk; now, therefore,

BE IT RESOLVED BY THE SENATE OF THE ONE HUNDRED FOURTH GENERAL ASSEMBLY OF THE STATE OF TENNESSEE, THE HOUSE OF REPRESENTATIVES CONCURRING, that there is hereby created a special joint committee to examine the establishment of annual reports to determine if public retirement plan funds are invested in companies with business operations in terrorist-sponsoring countries.

BE IT FURTHER RESOLVED, the committee shall examine and consider the benefit to requiring any entity that manages public funds on behalf of the state to submit a semiannual report to the Tennessee consolidated retirement system that identifies and describes activities of all companies held on behalf of the state that have business activities in or with the United States Department of State designated terrorist-sponsoring countries or that have been associated with the proliferation of weapons of mass destruction and ballistic missiles.

BE IT FURTHER RESOLVED the committee shall consider the benefit and costs of requiring the Tennessee consolidated retirement system to submit to the governor, the state treasurer, the attorney general, the speaker of the senate, the speaker of the house of representatives, the chair of the house of representatives finance, ways and means committee, and the chair of the senate finance, ways and means committee, a report on global security risk and state investments. The report shall include, but not be limited to:

- (1) A summary of the reports by asset managers;
- (2) Total Tennessee consolidated retirement system exposure to companies operating in terrorist-sponsoring states;
- (3) A list of companies judged to be most at risk from a global security risk perspective;
- (4) Steps taken by the fund or its asset managers to communicate with portfolio companies exposed to global security risk and copies of such communications; and
- (5) Policy recommendations concerning portfolio companies that invest in or conduct business with terrorist-sponsoring countries unless and until such time as the United States Department of State no longer designates that country as a terrorist-sponsoring country.

BE IT FURTHER RESOLVED, that the committee shall consist of three (3) members of the House of Representatives and three (3) members of the Senate, to be appointed by the respective speakers.

BE IT FURTHER RESOLVED, that all appropriate state agencies shall provide assistance to the special joint committee upon request of the chair.

BE IT FURTHER RESOLVED, that all legislative members of the special joint committee who are duly elected members of the General Assembly shall remain members of such committee until the committee reports its findings and recommendations to the General Assembly.

BE IT FURTHER RESOLVED, that the special joint committee shall be convened by the member with the most years of continuous service in the General Assembly, and at its first meeting shall elect a chair, vice-chair, and such other officers the committee deems necessary.

BE IT FURTHER RESOLVED, that the special committee shall timely report its findings and recommendations, including any proposed legislation, to the 104th General Assembly no later than February 1, 2006, at which time the committee shall cease to exist.